

**W**e like Ernest Almonte – he's a nice guy. But we have to wonder why it was that he chose to spotlight Cranston in the press release his office sent out slamming municipalities that shortchanged their pension funds.

The business of pension investments is a sticky one. Although not politically correct to say, the point of a pension fund is to send out its last dime on the day the last pension recipient dies. Most cities and towns at this point have closed enrollment for their self-managed funds, sending new hires into the state system and letting the state worry about them.

Obviously, the math involved with predicting market trends – most pension funds are invested, at least partially, in stocks and bonds – and projecting the life spans of municipal employees is mind-bogglingly difficult. Terms like “actuarial reports” and “aggregate contributions” are used to try and explain the system to non-accountants – and make the system sounds logical – but the reality is pension funds are managed through educated guesses and ongoing tinkering to make sure the money lasts as long as the members do.

Not surprisingly, many municipalities try to play the odds, putting in less than they're supposed to and hoping to make up the difference later on. In 2006, five towns put in less than 50 percent of the actuary's recommended contribution – the amount mathematically calculated to keep the plan on target.

Central Falls contributed a stunning 8 percent of the recommended amount in its account for post-1972 hires, presumably hoping that the market will do what the town finances cannot. Coventry funded its police account at 28 percent and its municipal fund at 13 percent of the recommended amounts; East Providence put in 24 percent.

Cranston put in 98 percent of the recommended amount in 2006; the fact the entire pension fund is at 15 percent of where it should be, however, places the city in risk category 2 on the auditor general's hot-sheets.

Nevertheless, Coventry, Central Falls, Narragansett and West Warwick all were tagged as risk category 1 as a result of their pension-related choices. Why did Cranston get the place of (dis)honor? Is it because of its size? The five category-ones are all towns with much smaller populations than Cranston.

That can't be it, though, because Providence and Warwick (the first and second largest cities in the state) are both on the

list as risk category 2 as well. Warwick put in 100 percent of the recommended amount in 2006, which may earn it a spot above Cranston, but Providence only put in 96 percent – less than Cranston did.

There's probably an official explanation as to why Cranston was thrown into the spotlight on a press release that went to every media outlet in the state. The real reason, we suspect, probably has more to do with Almonte's oft-times tumultuous relationship with the city than any hard data.

Cranston's reputation with regard to pension investments has been abysmal and the city, at one point, had to send money directly to retirees because there was no money in the pension fund accounts. Former Mayor Stephen Laffey's highly publicized efforts to replenish the account dragged it out of the cellar but did not put it back on firm footing by any means. And volleys of accusations between the mayor and the auditor general marked Laffey's term, starting with Almonte's infamous visit to a Cranston City Council meeting during which he essentially said the city had lied to him.

Fast-forward a few years, and the new administration calls Almonte in to “audit” the city's account – in other words, to try and expose everything Laffey did wrong. Almonte complied, submitting a scathing report on the gaps in Laffey's logic. He included one sentence that warned the new mayor, Michael Napolitano, about the hazards of under funding the pension plan.

Napolitano trumpeted Almonte's findings regarding Laffey and quietly ignored his remarks about the pension fund. Earlier this week, Almonte counters with a statewide pension report that uses Cranston as an example of how pension funds are mishandled, bringing us into round four of what's become a ridiculous exercise in political one-upsmanship.

Cranston's had enough of being a scapegoat for the ills of the state. Yes, we have problems, our pension fund has problems and both will likely continue to have problems. But we're far from being the worst-case scenario (we've already been there; we don't want to go back) and we deserve some credit for what we've accomplished thus far.

With luck, future budgets will give the pension fund all the money it needs and Cranston's pension plan will cease to make the evening news. But if we do happen to fall short, we hope the public eye will fall on some other deserving target and leave the city to police itself.

Cranston  
Herald

July 12, 2007  
Page 16

Cranston doesn't have enough pension  
money (and other breaking news)